



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
FLOYD COUNTY SHERIFF**

**Calendar Year 2001**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
[WWW.KYAUDITOR.NET](http://WWW.KYAUDITOR.NET)**

**144 CAPITOL ANNEX  
FRANKFORT, KY 40601  
TELE. (502) 564-5841  
FAX (502) 564-2912**





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Paul Hunt Thompson, Floyd County Judge/Executive  
Honorable John K. Blackburn, Floyd County Sheriff  
Members of the Floyd County Fiscal Court

The enclosed report prepared by Berger & Ross, PLLC, Certified Public Accountants, presents the statement of receipts, disbursements, and excess fees of the Sheriff of Floyd County, Kentucky, for the year ended December 31, 2001.

We engaged Berger & Ross, PLLC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Berger & Ross, PLLC, evaluated the Floyd County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett".

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Enclosure



**AUDIT EXAMINATION OF THE  
FLOYD COUNTY SHERIFF**

**Calendar Year 2001**

**Berger & Ross, PLLC**  
Certified Public Accountants and Fraud Examiners  
800 Envoy Circle  
Louisville, KY 40299-1837  
(502) 499-9088  
Fax: (502) 499-9132

400 Democrat Road  
Suite 2107  
Frankfort, KY 40601  
(502) 695-7353



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE FLOYD COUNTY SHERIFF**

#### **Calendar Year 2001**

Berger & Ross, PLLC, has completed the Floyd County Sheriff's audit for calendar year 2001. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

#### **Financial Condition:**

Excess fees decreased by \$30,882 from the prior calendar year, resulting in excess fees of \$50,258 as of December 31, 2001. Revenues decreased by \$38,606 from the previous year and disbursements decreased by \$12,879.

#### **Report Comments:**

None

#### **Deposits:**

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

#### **Subsequent Events:**

None





## CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES.....	3
NOTES TO THE FINANCIAL STATEMENT.....	6
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	11





(502) 499-9088  
800 Envoy Circle  
Louisville, Kentucky 40299-1637

FAX: (502) 499-9122  
Email: [info@irsrescue.com](mailto:info@irsrescue.com)  
Internet: [www.irsrescue.com](http://www.irsrescue.com)

Member:  
American Institute of Certified Public Accountants (AICPA)  
National Association of Tax Professionals (NATP)  
National Association of Public Accountants (NAPA)  
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National Association of Public Accountants (NAPA)  
National Association of Public Accountants (NAPA)

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#### Independent Auditor's Report

We have audited the accompanying statement of receipts, disbursements, and excess fees of the County Sheriff of Floyd County, Kentucky, for the year ended December 31, 2001. This financial statement is the responsibility of the County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Sheriff for the year ended December 31, 2001, in conformity with the basis of accounting described above.

To the People of Kentucky  
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Honorable John K. Blackburn, Floyd County Sheriff  
Members of the Floyd County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated July 11, 2002, on our consideration of the County Sheriff's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed -  
July 11, 2002

FLOYD COUNTY  
JOHN K. BLACKBURN SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES

Calendar Year 2001

Receipts

Federal Payments:

Federal COPS Grant	\$ 52,066	
Lake Patrol	<u>14,716</u>	\$ 66,782

State Grants:

VAWA	\$ 10,060	
Mentoring	5,091	
KLEFPF Grant	41,210	
DARE	<u>334</u>	56,695

State Fees For Services:

Finance And Administrative Cabinet	\$ 131,923	
Transporting Prisoners	<u>4,158</u>	136,081

Circuit Court Clerk:

Security Fees	\$ 14,364	
Arrest Fees	2,308	
Transporting Prisoners	1,200	
Bench Warrants	<u>870</u>	18,742

Fiscal Court

48,854

County Clerk - Delinquent Taxes

12,186

Commission on Taxes Collected

268,270

Sheriff's Fee on Taxes Collected:

10% Additional Fee	\$ 83,117	
Advertising Fee	<u>5,900</u>	89,017

Fees Collected for Services:

Auto Inspections	\$ 18,510
Accident/Police Reports	1,851
Carrying Concealed Deadly Weapons Permits	11,015
Serving Papers	29,300
Fiscal Court Service Fees	7,860

The accompanying notes are an integral part of the financial statement.

FLOYD COUNTY  
JOHN K. BLACKBURN, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
Calendar Year 2001  
(Continued)

Receipts (Continued)

Fees Collected for Services (Continued):

Community Policing	\$	91,855	
Transporting Prisoners		5,935	
Startup Money		1,200	
Miscellaneous		<u>386</u>	\$ 167,912

Interest Earned			20,308
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Borrowed Money:			
State Advancement			<u>86,200</u>

Gross Receipts			<u>\$ 971,047</u>
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Disbursements

Operating Disbursements:

Personnel Services -			
Deputies' Gross Salaries	\$	324,461	
Clerks' Gross Salary		147,894	
KLEFPF		41,165	
Mentoring		4,743	
Other Gross Salary		<u>4,620</u>	\$ 522,883

Employee Benefits -			
Employer Share FICA	\$	43,209	
Unemployment		4,188	
KLEFPF Retirement		<u>2,858</u>	50,255

Contracted Services -			
Advertising	\$	251	
Transporting		<u>960</u>	1,211

Materials and Supplies -			
Equipment and Uniforms	\$	17,627	
K-9 Unit		6,650	
Office Supplies		<u>15,517</u>	39,794

The accompanying notes are an integral part of the financial statement.

FLOYD COUNTY  
JOHN K. BLACKBURN, SHERIFF  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES  
Calendar Year 2001  
(Continued)

Disbursements (Continued)

Operating Disbursements (Continued):

Automobile Expenses -		
Gasoline	\$ 45,031	
Vehicle Expener	3,400	
Maintenance, Repairs, and Equipment	<u>68,627</u>	\$ 117,058
Other Charges -		
Bond	\$ 51	
Carrying Concealed Deadly Weapons Permits	7,165	
County Collections	7,860	
DARE	2,921	
Startup Cash	1,200	
Dues	862	
Postage	2,332	
Radio Expense	2,932	
Convention	3,970	
Accounting Fees	3,041	
Training	500	
Miscellaneous	<u>482</u>	33,316
Debt Service:		
Repayment of State Advancement		<u>86,200</u>
Total Disbursements		<u>\$ 850,717</u>
Net Receipts		\$ 120,330
Less: Statutory Maximum	\$ 67,874	
Less: Incentives	<u>2,198</u>	<u>70,072</u>
Excess Fees Due to Fiscal Court:		\$ 50,258
Less: Payment to Fiscal Court - January 14, 2002		<u>50,258</u>
Balance Due at Completion of Audit		<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statement.

FLOYD COUNTY  
NOTES TO THE FINANCIAL STATEMENT

December 31, 2001

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, certain receipts and certain expenditures are recognized as a result of accrual at December 31, 2001.

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentality's, obligations and contracts for future delivery or purchase of obligations backed by good faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS) pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system that covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Non-hazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for non-hazardous employees was 7.17 percent for the first six months of the year and 6.41 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for non-hazardous employees. Aspects of benefits for non-hazardous employees include retirement after 27 years of service or age 65.



FLOYD COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
December 31, 2001  
(Continued)

Note 2. Employee Retirement System (Continued)

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement System's annual financial report which is a matter of public record.

Note 3. Deposits

The County Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of December 31, 2001, the County Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the County Sheriff's agent in the County Sheriff's name, or provided surety bond which named the County Sheriff as beneficiary/obligee on the bond.

Note 4. COPS Grant

During calendar year 2001, the County Sheriff received a grant from the federal government under the COPS universal hiring program. The County Sheriff received and distributed \$52,066 during calendar year 2001.

Note 5. Drug Awareness Resistance Education Program

During calendar year 2001, the County Sheriff maintained a bank account that contains donations received to fund the advertisement of drug awareness resistance education. The unexpended balance in that account as of December 31, 2000, was \$374. During calendar year 2001, \$334 was expended from that account, leaving an unexpended balance of \$40 as of December 31, 2001.

Note 6. Lake Patrol

The County Sheriff received and expended \$14,716 in calendar year 2001 for patrolling Dewey Lake.

Note 7. Mentoring Grant

During calendar year 2000, the County Sheriff received a grant from the Department of Juvenile Justice to mentor at-risk youths. This grant ended on December 31, 2000. However, \$5,090 was received and deposited in the 2001 Fee Account to reimburse cost incurred during the life of the grant.

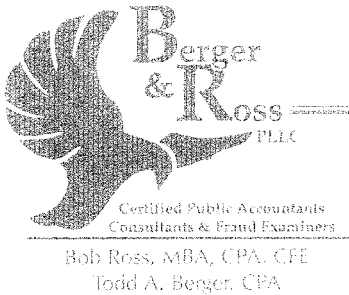
FLOYD COUNTY  
NOTES TO THE FINANCIAL STATEMENT  
December 31, 2001  
(Continued)

Note 8. State Advancements

The County Sheriff received \$86,200 of state advancement in calendar year 2001 and repaid \$86,200 to the state in the same calendar year. The advancement was approved by the Fiscal Court and proper bond was executed by the County Sheriff.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





(502) 499-9088  
800 Envoy Circle  
Louisville, Kentucky 40299-1637

FAX: (502) 499-9122  
Email: [bsr@bsr.com](mailto:bsr@bsr.com)  
Internet: [www.bsrescue.com](http://www.bsrescue.com)

Member:  
American Institute of Certified Public Accountants  
Kentucky Institute of CPAs  
Association of Certified Fraud Examiners  
Association of Government Accountants  
Association of Public Accountants  
Kentucky Association of CPAs  
National Association of Public Accountants  
Kentucky Association of CPAs

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**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

We have audited the statement of receipts, disbursements, and excess fees of the Floyd County Sheriff for the year ended December 31, 2001, and have issued our report thereon dated July 11, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Floyd County Sheriff's financial statement for the year ended December 31, 2001, is free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Floyd County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of The Financial  
Statement Performed In Accordance with Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectively submitted,

A handwritten signature in black ink, appearing to read "Berger & Ross", with a long horizontal flourish extending to the right.

Berger & Ross, PLLC

Audit fieldwork completed –  
July 11, 2002

